The smart investment platform

Regular Income Drawdown

User Guide

Introduction

Welcome to our comprehensive guide which has been designed to assist you in helping your clients access a regular income from their Novia Global UK SIPP.

This document aims to provide you with a clear and concise roadmap to navigate this process effectively. We outline the essential timelines involved, cover how you manage your clients' regular payments, and highlight the small number of limitations that you and your clients should be aware of.

Requirements

In order to set up a new regular income instruction, we require the following:

- ☐ Completed Regular Income Drawdown form
- ☐ Countersigned bank statement

(only required if submitting new bank account details).

Payroll

What is payroll?

Payroll simply means the regular withdrawal of income from your Novia Global UK SIPP, much like how employers pay their employees.

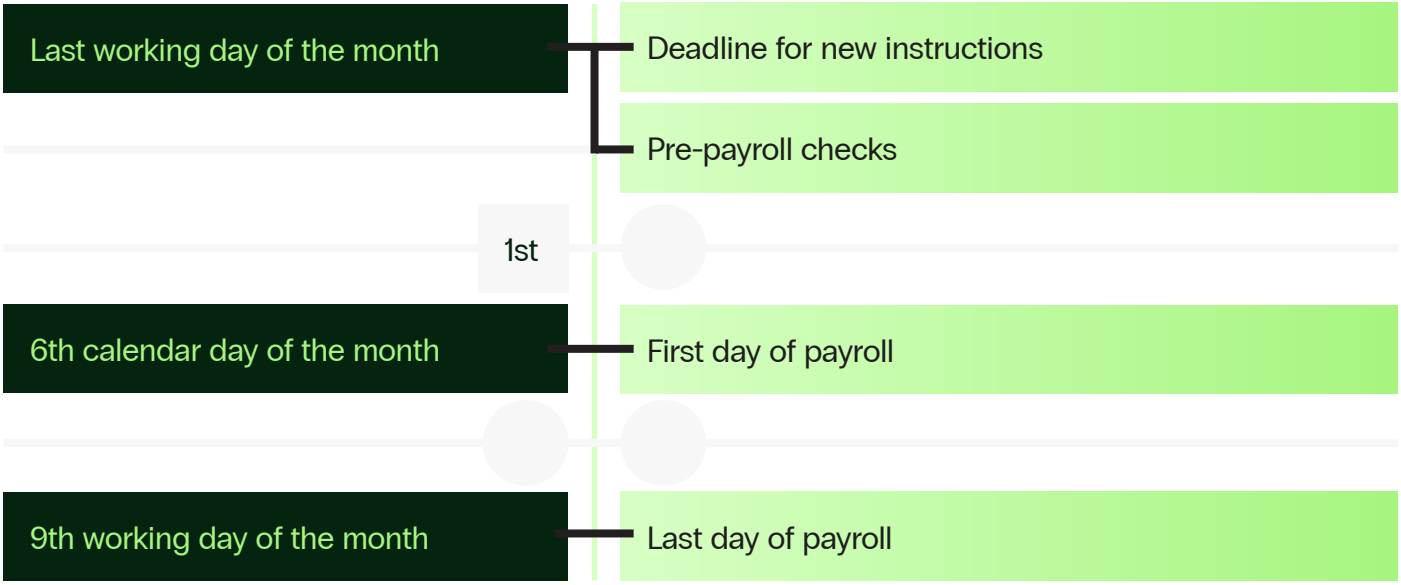
Payroll period

Our payroll process begins on the 6th of each month, which coincides with the start of a new tax month. If the 6th falls on a weekend or a UK bank holiday, we'll initiate the payroll on the next working day. We continue processing payroll until the ninth working day of the month

Key Dates and Deadlines for Instructions

The deadline for submitting new or amended instructions is the last working day of the month.

Once an instruction has been received, we will complete our pre-payroll checks on the last working day of the month. The first day of payroll processing will then commence on the 6th calendar day of the month (or next working day if the 6th falls on a weekend or English Bank Holiday) with the last day of payroll on the ninth working day of the month.



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Limitations on Regular Income Payments

There are a couple of important points to note regarding regular income payments, these include:

Payments can currently only be made in GBP.

Payments can only be made to a bank account in the client's name.

Requests for additional details or notations on payments beyond the standard BIC/SWIFT and IBAN/account number.

Please take special note of the last point, especially when considering payments through an intermediary bank, as this falls outside the scope of our regular income process.

Managing Regular Payments

Cash Management

Our automated cash top-up process is run on a quarterly basis and will add money to your clients' cash account to pay fees and withdrawals. This is typically done by selling down the largest liquid asset first.

You should also keep an eye on the cash balance as if there is not enough money, you'll need to top it up when necessary. Initially, the withdrawal payments might not align with these cash top-ups, so make sure your clients' have enough cash to cover any income payment until the next top-up.

To find out the specific dates when we run cash top-ups each quarter, please contact Client Services as they may vary.

Cash Availability Checks

Before and during the payroll period, we run reports to ensure there are no issues and to verify that there's enough cash available. If we find that there isn't sufficient cash, we will contact you to make arrangements for selling assets. It is your responsibility to ensure that there is enough cash available to enable us to process the regular withdrawal amount.

Cancelling a Regular Instruction

To stop a regular income payment, you or your client can simply send us an email requesting the payment to be stopped. Please note that we can't pause a payment, so if you want to stop it temporarily and then restart, we'll need a new instruction.

Amending a Regular Instruction

If you need to change an existing regular withdrawal, such as bank details, withdrawal amount, or frequency, you'll need to complete a new form. If the bank details are changing, please also remember that we will require a new signed and certified bank statement from the client for the new bank account.

Multiple Regular Withdrawals

You can't set up multiple regular withdrawals from a single Drawdown SIPP account. However, we can still facilitate ad-hoc income drawdown payments alongside your regular withdrawals, following our existing process.

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Risks

There are a number of risks you should consider in your advice when taking income from a SIPP, these include:

- The SIPP fund will remain invested, and the value of the underlying investments can fall as well as rise and it is not guaranteed. This may reduce or increase the level of income that can be taken if an annuity is purchased in the future.

- Taking income earlier than originally intended may mean the level of income available may be lower than expected and may not meet your clients' needs in retirement.

- Payments you take from a SIPP are subject to income tax. Your client may have to pay a significant amount of tax if large withdrawals are made in a short period of time.

- If you take too much out of the SIPP, this may erode the capital within the SIPP. If investment returns are poor and a high level of income is taken, this will result in the SIPP falling in value. This could result in a lower income than anticipated in the future. If the SIPP runs out of funds, it could leave your client relying on other sources of income for the rest of their retirement.

Please refer to the Novia Global Key Features document and Terms and Conditions for more information to make sure you understand our services and for any specific risks that may affect your clients

If you require any further information on the regular SIPP payment process, please contact our Client Services team:

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